

KEY BISCAYNE POLICE OFFICERS & FIREFIGHTERS RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF NOVEMBER 17TH, 2008

1. Call to Order – Secretary Servando Parapar called the meeting of the Key Biscayne Police Officers & Firefighters Retirement Plan to order at 5:48 P.M.

Roll Call

Present

Servando M. Parapar, Secretary
Dr. Robert L. Maggs
Sherry L. Reed

Absent

Michael Haring, Chairman
Jose Monteagudo

OTHERS PRESENT: Blake Myton from Trusco Capital Management, Burgess Chambers from Burgess Chambers & Associates, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Plan and Joan L. Wall, Administrator.

2. PRESENTATIONS

- **Trusco Capital Management – Market Report.** Mr. Myton stated there was no place to run or hide in the market as of 9/30/08, with even unusual events happening in the fixed income area. Energy prices fell from record real and nominal levels while commodity prices declined and the dollar surged. Bond yields rose but T-bill rates fell and the yield curve steepened while treasuries gained and corporate and high yield bonds fell as credit spreads widened. Small cap domestic equities outperformed mid and large caps in the quarter and over the past twelve months. Mr. Myton stated it was his recommendation the asset allocation be changed to reflect transferring \$270,000 from the Large Cap Relative Value Fund to be split between Growth and Value. Mr. Chambers agreed with this recommendation. Sherry Reed moved to have the change as recommended by both the investment manager and investment consultant made as soon as practical. Servando Parapar seconded the motion. The motion carried unanimously.
- **Burgess Chambers & Associates – 9/30/08 Performance Report.** Mr. Chambers reviewed with the trustees additional details about what had occurred in the market during October and examples of market history relating to market contractions and expansions since 1973 and market downturns and recoveries since 1926. The compliance checklist revealed that most objectives had been met, with the exception of the total fund's annualized five year performance, international equity performance for the three year period and the five year fixed

income performance beating the bond benchmark index and ranking in the top 40th percentile. Mr. Chambers had no further recommendations at this time. At 9/30/08 54.2% of the total fund was invested in domestic equity, 6.9% in international equity, 36.5% in domestic fixed income, 1.9% in REIT and 0.5% in cash and cash equivalents. The total fund, gross of fees, returned -5.3% for the quarter, -10.9% for the year, 3.8% for three years and 6.8% for five years.

3. Additions/Deletions to Agenda – None.

4. Reading & Approval of Minutes for September 25th, 2008. Secretary Parapar waived reading of the minutes and presented the minutes from the last meeting for approval. Sherry Reed moved to approve. Servando Parapar seconded the motion. The motion carried unanimously.

5. Approval of Invoices. Secretary Parapar presented the invoices listed on the agenda for approval and payment. Sherry Reed moved to approve payment. Dr. Maggs seconded the motion. The motion carried unanimously, authorizing payment of the following:

Joan L. Wall, Admin., 9/18 – 11/8/08, 18 ¼ hrs, plus expenses	\$ 1,180.54
Holland & Knight, LLP, Invoice #2309654	\$ 775.00
FPPTA, Dues for 2009	\$ 600.00
Internal Revenue Service, Fee for applying for IRS Determination Letter	\$ 1,000.00

6. UNFINISHED BUSINESS – None.

NEW BUSINESS

7. a) Schools/Conferences:

- Division of Retirement – 40th Annual Police Officers' & Firefighters' Pension Conference; 12/1 – 3/08 at Radisson Resort Orlando-Celebration, Kissimmee, Florida – Registration is free. This was a rescheduling of the conference set for September that was cancelled due to a hurricane.
- FPPTA – Trustees' School; 2/1 – 4/09 at Renaissance World Golf Village, St. Augustine, Florida.

After discussing the importance of trustee education, Sherry Reed moved to approve the attendance and reimbursement of related expenses for as many trustees from the board who wished to attend. Dr. Maggs seconded the motion. The motion carried unanimously.

7. b) Gabriel Roeder Smith & Company – 10/3/08 Request for Fee Increase.

The trustees reviewed Mr. Palmquist's request for an increase from \$5,866 to \$9,000 effective with the October 1, 2008 Valuation Report, with the fee increasing in

subsequent years in accordance with the CPI. The fee covered the Actuarial Valuation Report including meeting with the trustees to present the results, Employee Benefit Statements and updating page 6a of the Annual Report required by the Division of Retirement. Dr. Maggs moved to table the request until all five trustees were present.

7. c) Holland & Knight amended and restated plan document. Attorney Bieler stated this document was prepared for compliance with tax provisions of applicable federal laws in connection with a determination letter request to the Internal Revenue Service regarding the plan's tax-qualified status.

7. d) Approve 2009 Meeting Dates (subject to approval by Village Clerk). All meetings were scheduled for 5:30 PM on the 4th Thursday of January, March, May, July and September with the November meeting tentatively set for Monday, November 16th due to the Thanksgiving holiday. Secretary Parapar requested changing the November meeting date as he had a conflict with this date.

8. Trustees' Concerns – None.

9. REPORTS

Attorney – Attorney Bieler reviewed with the trustees the implications of the three memo's listed on the agenda regarding 1) Extension of Effective Date of Normal Retirement Age Regulations for Governmental Plans; 2) IRS may modify Governmental Plan Determination Letter Process and 3) IRS may modify the filing cycle for Governmental Plans.

Attorney Bieler also reported on what had taken place at the October 21, 2008 workshop regarding 60-T. The Division of Retirement stated that it will further review the draft rules due to the concerns expressed by the actuaries, firefighters, police officers, attorneys, city officials and the League of Cities.

Attorney Bieler reported the firefighters' union contract had been approved by both the Village and the Union and that an ordinance implementing the new benefits was almost complete. The major pension changes were; 1) Implementation of a DROP, in which the participants could self direct the investment of their benefits while in the DROP. This would require additional work by the performance monitor and the plan administrator to implement. 2) Implementation of a Share Plan in which the excess premium tax money would be distributed per capita to the active firefighters. The Share Plan participants will also be permitted to self-direct their accounts and this would also require additional work by the performance monitor and the administrator. 3) The purchase of an enhanced benefit since the Air Time agreed to in the contract is not permitted under Chapters 175 and 185. 4) An increase in the benefit multiplier to 4% for all years of credited service greater than 15 years. Attorney Bieler recommended a meeting be set up between Chairman Haring, Burgess Chambers and the administrator to explore self-directed investment options for the Share Plan and the

DROP. Secretary Parapar requested that a special meeting be set up for all the trustees to attend due to the complexity of the issues and extend to the actuary an invitation to attend this meeting.

Administrator – Status of Accounting and Data for Actuary. This was currently a work in process.

Other – Included with the agenda packages were the following;

- 10/10/08 communication from SunTrust attaching a copy of the insurance renewal certificate for the Bond and Errors and Omissions insurance coverage carried by SunTrust.
- Commission Recapture Reports.
- Performance Monitoring Report for November provided by Jayne A. Goldstein, Esq. of Shepherd Finkelman Miller & Shah.
- Trusco Third Quarter Report.

10. Input from Active/Retired Members – None.

11. Next Meeting Date/Adjournment. Secretary Parapar announced the next meeting was scheduled for Thursday, January 22nd, 2009 at 5:30 P.M., subject to approval by the Village Clerk. There being no further business before the board the meeting was adjourned at 7:08 P.M.

Respectfully submitted,

Servando Parapar, Secretary